S. HRG. 98-640

NOMINATIONS OF PRINGLE P. HILLIER AND ROBERT H. CONN

HEARING

BEFORE THE

COMMITTEE ON ARMED SERVICES UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

SECOND SESSION

ON

NOMINATIONS OF

PRINGLE P. HILLIER TO BE ASSISTANT SECRETARY OF THE ARMY (FINANCIAL MANAGEMENT)

ROBERT H. CONN TO BE ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT)

FEBRUARY 28, 1984

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TUESDAY, FEBRUARY 28, 1984

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

The committee met, pursuant to other business, at 4:22 p.m., in room SR-222, Russell Senate Office Building, Hon. John Tower (chairman) presiding.

Present: Senators Tower, Nunn, and Levin.

Staff present: Alan R. Yuspeh, general counsel; Arnold L. Punaro, staff director for the minority; Christine C. Dauth, chief clerk; and Tamara L. Farnsworth, staff assistant. Also present: Ralph White, assistant to Senator Levin.

OPENING STATEMENT BY SENATOR JOHN TOWER, CHAIRMAN

Chairman TOWER. The committee will come to order.

The committee will now turn to the nominations of Pringle P. Hillier to be Assistant Secretary of the Army for Financial Management, and Robert H. Conn, Assistant Secretary of the Navy for Financial Management.

We are pleased to have Mr. Hillier and Mr. Conn with us today.

Since our two nominees will hold identical positions in the Department of the Army and Department of the Navy, they have graciously agreed to appear together for their confirmation hearing.

Mr. Hillier is presently the Acting Assistant Secretary of the Army for Installations, Logistics, and Financial Management. For the last 2 years he has served as the principal Deputy Assistant Secretary of the Army in the same office. Prior to this service in the Department of Defense, Mr. Hillier served for 3 years as the principal analyst for ground forces in the Congressional Budget Office. From 1974 to 1978 he was a program analyst in the Office of the Secretary of Defense, Program Analysis and Evaluation.

Mr. Hillier comes to this position with 12 years of active duty in the U.S. Army. He held command and staff positions and served for two tours in Vietnam, where he earned the Bronze Star. Mr. Hillier is a graduate of the U.S. Military Academy and holds a master of science degree in engineering from Arizona State University. He is also a graduate of the Army Command and General Staff College. Mr. Hillier is joined today by his wife, Janet, and his daughter, Deborah.

Mr. Conn is presently serving as the Comptroller of the Navy and the Deputy Under Secretary of the Navy (Financial Management). He has held these positions since early 1981. Prior to this service, Mr. Conn was a manager in the Federal Liaison Division of Arthur Andersen & Co., the public accounting firm.

Mr. Conn brings to his position as Assistant Secretary of the Navy 29 years of active duty experience in the Navy. He is a former naval aviator, and served with distinction in a number of Navy positions prior to his retirement as a captain in 1972.

Mr. Conn is a graduate of the University of Mississippi, and has done graduate work at the University of Rochester and Indiana University. He has attended the Naval War College. Mr. Conn is joined today by his wife, Virginia.

I would like to note for the record of this hearing that both Mr. Hillier and Mr. Conn have met with the staff of the committee to review their financial holdings and that they will both be in compliance with our committee's requirements to avoid any conflict of interest between their personal finances and governmental responsibilities.

In addition, I would note that Mr. Conn has voluntarily agreed to recuse himself from any decisions in the Department of the Navy which might affect Arthur Andersen & Co., since Mr. Conn does receive a fixed retirement benefit from his former employer.

We are pleased to have both nominees with us today, and we would be glad to hear whatever remarks you would like to make at this time.

Let us hear from Mr. Hillier first, then we will hear from Mr. Conn.

[The nomination reference and biographical sketch of Mr. Hillier follow:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
January 24, 1984.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Pringle P. Hillier, of Virginia, to be an Assistant Secretary of the Army, vice Joel E. Bonner, Jr., resigned.

BIOGRAPHICAL SKETCH OF PRINGLE PAT HILLIER

The White House has announced the nomination of Mr. Pringle Pat Hillier of Fairfax, Virginia for the position of Assistant Secretary of the Army for Financial Management. In this position, he will be responsible for the supervision of all Army policy pertaining to financial management, accounting and purchase of automatic data processing capabilities.

Mr. Hillier is currently serving as the Acting Assistant Secretary of the Army for Installations, Logistics and Financial Management. From May 1981 until August of 1983, he was the Principal Deputy, Assistant Secretary of the Army for that same office. He served for three years as the Principal Analyst for Ground Forces in the Congressional Budget Office. During the period 1974–1978, he worked as a Program Analyst in the Office of the Secretary of Defense, Program Analysis and Evaluation.

Prior to 1974, Mr. Hillier served in the U.S. Army for twelve years. During that time, he held command and staff positions and had two tours in Vietnam where he was awarded the Purple Heart and Bronze Star with V device among other decorations.

Mr. Hillier has a Bachelor of Science from the United States Military Academy (1961) and a Master of Science in Engineering from Arizona State University (1969). He is also a graduate of the Army's Command and General Staff College.

Mr. Hillier is married and has three children. He was born in Fort Worth, Texas on May 20, 1939.

STATEMENT OF PRINGLE P. HILLIER

Mr. HILLIER. Mr. Chairman, it is a distinct privilege to serve our great country in a position as Assistant Secretary of the Army. I am honored that our President considers me worthy of such a position.

I am also honored to appear before this distinguished committee to testify to my qualifications to serve as Assistant Secretary for Financial Management.

I believe my experience in the Army, Office of the Secretary of Defense, the Congressional Budget Office, and the last 3 years as the principal Deputy Assistant Secretary of Installations, Logistics, and Financial Management have prepared me to face the challenges ahead.

I hope that it will be the will of this committee and the will of the Senate to confirm my nomination.

Mr. Chairman, I will be glad to answer any questions you may have.

Chairman TOWER. Thank you, Mr. Hillier.

Mr. Conn.

[The nomination reference and biographical sketch of Mr. Conn follow:]

NOMINATION REFERENCE

(Under authority of the order of the Senate of February 9, 1984.)

SENATE OF THE UNITED STATES,
February 17, 1984.

Ordered, That the following nomination be referred to the Committee on Armed Services:

Robert H. Conn, of Virginia, to be an Assistant Secretary of the Navy. (New position—Public Law 98-94 of September 24, 1983.)

BIOGRAPHICAL SKETCH OF ROBERT H. CONN

Robert H. Conn was born in Boonton, New Jersey. From 1943 to 1946 he attended the United States Navy Flight School, which led to his designation as a naval aviator. His operational assignments from 1946 to 1958 included tours in sea planes, land-based patrol bombers, carrier-based fighter and attack squadrons and as a flight instructor.

Between 1954–1956, Mr. Conn attended the University of Mississippi where he studied Business Administration. He continued his education from 1959 to 1962 when his Graduate Studies in Management were completed at the University of Rochester. He attended the United States Naval War College in 1963. Mr. Conn then attended Indiana University for Doctoral Studies in Management and Economics between 1963 and 1966.

He served as Assistant Director, Chief of Naval Operations Budget Office from 1967 to 1968. As Director, Fleet Resources Office for Naval Material Command, he received a Meritorious Service Medal. His participation in formulation, justification and execution of Navy and Marine Corps budget requirements continued as the Assistant Director, Budget and Reports in the Office of Navy Comptroller from 1969 to 1972, where he was awarded the Legion of Merit.

During his Navy career, Mr. Conn conducted seminars on defense budgeting at the Industrial College of the Armed Forces, the Naval War College and the National War College. He also served as a member of the Management Curricular Advisory Committee to the Dean, Navy Postgraduate School, Monterey.

Mr. Conn retired from the U.S. Navy on January 1, 1972, with the rank of Captain.

Until his return to the Navy Secretariat, Mr. Conn was associated with Arthur Andersen and Company, an international firm of public accountants. As Manager of the Federal Liaison Division, he served as a financial consultant to numerous Executive Agencies and Congressional committees. Due to a special expertise in the area of federal election campaign law, he was assigned as manager in charge of reviewing the audit process for the Federal Election Commission. He has written two books which were published by Arthur Andersen and Company,

Financial Management Systems for Political Campaigns, 1972, and Financial Management Guide for Federal Elections.

Mr. Conn became the Deputy Under Secretary of the Navy (Financial Management) in May 1981. He served in that capacity until November 1983 when he assumed his present position as Assistant Secretary of the Navy (Financial Management) Designate, he is "triple-hatted" and is also Comptroller of the Navy and the Senior ADP Policy official for the Navy. In these positions, Mr. Conn is the senior financial manager in the Navy.

STATEMENT OF ROBERT H. CONN

Mr. CONN. Good afternoon, Mr. Chairman.

It is indeed an honor to appear before this committee.

I have prepared a statement which I would like to submit for the record.

Chairman TOWER. We will be glad to take your statement and incorporate it into the record. You may summarize it if you wish.

Mr. CONN. I am also very proud to be nominated by President Reagan.

I feel very qualified to perform the duties as Financial Manager of the Navy. I have been associated with the Navy for over 40 years, have had extensive training and practical experience in Federal financial management and have completed 3 years on-the-job training as Comptroller of the Navy.

During the 3 years I think we have effected many improvements in financial management and in data processing and, if confirmed by the Senate, I am looking forward to completing the many projects we currently have underway.

I, too, will be pleased to respond to any of your questions.

[The prepared statement of Mr. Conn follows:]

PREPARED STATEMENT OF ROBERT H. CONN

It is a distinct honor to appear before this committee today, Mr. Chairman. I am very proud to be nominated by President Reagan for the position of Assistant Secretary of the Navy.

My association with the Navy goes back over 40 years—I enlisted in the Navy at age 17 during World War II, completed flight training, was commissioned and designated a naval aviator, rose through the ranks and retired as a Captain after serving 29 years. My final six years were spent in assignments at the highest levels of Financial Management for the Department of the Navy.

Upon retirement from the Navy, I became a financial management consultant with a Big Eight public accounting firm where I spent over 9 years working with Executive and Congressional Branch organizations in the areas of Federal Financial Management.

I am uniquely qualified to perform the duties of senior financial manager for the Department of the Navy—I have the necessary technical and professional background and in addition, know and love the Navy. I believe it appropriate that the committee also consider my performance as the Navy's senior financial manager, as I have completed almost 3 years of on-the-job training while serving as Deputy Under Secretary of the Navy and Comptroller.

When I assumed the duties in April of 1981, the Comptroller General had, the month before, sent a letter to the Secretary of Defense setting forth the unsatisfactory approval rate of the Department of the Navy's accounting systems. Secretary Weinberger expressed his concern to Secretary Lehman who also was concerned and replied that he and I would give this our personal high priority attention.

On November 8 of this year, Secretary Lehman sent forward to Secretary Weinberger a report setting forth the results of our efforts to date, weaknesses still to be corrected and our plan to correct them.

The Department of the Navy has fourteen identifiable operating accounting systems which meet the General Accounting Office definition of accounting systems requiring approval. Of these fourteen operating systems, five are judged to be in substantial compliance with Comptroller General principles, standards, and related requirements.

Even though nine operating accounting systems have some features that are considered not to meet adequately the Comptroller General's principles and standards, the financial control and reporting features of the systems are satisfactorily supporting our fiduciary and management accounting responsibilities. Financial controls which assure that the making or authorization of allocations, allotments, obligations or expenditures will not exceed amounts available in appropriations and funds-exist in the systems. Monthly accounting reports submitted to Department of Defense are complete, accurate and for the most part timely.

The Department of the Navy has actions in process to bring all systems into full compliance with the General Accounting Office accounting principles, standards and related requirements.

The task of reviewing and evaluating Department of the Navy accounting system's compliance and correcting the deficiencies has been a tremendous undertaking and will require a substantial sustained effort by the Department. I am personally involved with the efforts to date and intend to see them through to completion. The constructive actions that have been initiated and provide building blocks for full compliance include:

a. Establishment of a Department Operating Accounting Systems Inventory that is fully consistent with the definition promulgated by the Comptroller General on April 18, 1983.

b. Development of a new Department Strategic Financial Management Master Plan which describes the present environment and deficiencies, delineates the objectives and strategies for corrective action and improvement, and lists system enhancement projects underway for all our accounting and financial management systems. This plan will include all developmental accounting and financial management systems as well as all other improvements and deficiency corrections, will contain binding decisions from Departmental Information Systems Architecture efforts and will provide the roadmap for future financial management improvements.

c. Application of Departmental Information Systems Architecture Technique to all Department accounting systems to identify the future structure of such systems, identify major deficiencies, develop proper corrective actions and an action plan for their implementation, and develop the necessary projects to carry out the action plan. The results of the architecture reviews will be incorporated into the Department's Strategic Financial Management Master Plan to permit the actions developed in the individual architecture efforts to be monitored to insure proper implementation.

d. Establishment of the concept of a Consolidated Systems Evaluation process for conducting, on a continuing basis, complete and accurate professional evaluations of the compliance of Departmental accounting systems with General Accounting Office principles and standards.

e. Expansion of the Department's Financial Management Improvement Research and Development program to identify valid and useful improvement techniques and innovative means for correcting deficiencies and deviations in Departmental Accounting and Financial Management systems and operations.

In addition to serving as Comptroller of the Navy, I am also designated the Senior Automatic Data Processing Policy Official for the Department.

The same month I was appointed, the House Appropriations Committee Surveys and Investigative Staff completed a report on the "Effectiveness and Operations of the Naval Data Automation Command." This report was very critical of the "control of" and "direct management" of ADP Navy-wide.

The issues raised were:

a. Lack of progress in standardization of Navy systems.
b. Organization of Automatic Data Processing Selection Office.
c. Navy regional data processing concept.
d. Reimbursable versus Mission funding for ADP users.
e. Control of Navy ADP resources.
f. Role of Central Design Agencies.
g. NAVDAC Staffing.
h. Integrated Disbursing and Accounting Financial Management System.
i. ADP management.

Obviously much needed to be done.

We have made significant progress in resolving these issues, which really are by no means unique to the Navy. Since they are not unique we sought guidance from the Board on Telecommunications and Computer Applications of the National Academy of Sciences. The National Academy established a special committee of outstanding individuals to assist the Navy. This committee has reviewed planning efforts intended to improve efficiency and effectiveness of ADP systems throughout the Navy and in numerous, diverse government agencies and has found that while the mission and operating requirements differ by agency, the problems are startlingly alike. The review group has been working for over a year, has issued an interim report and is expected to complete its work very shortly.

We have been working very closely with the review committee and have already implemented the recommendations of their interim report, most notable of which have been:

a. Restructuring of ADP Management within the Office of the Chief of Naval Operations, to bring together previously separated programs such as word processing, office automation, and other programs associated with the modern trends of information systems.

b. Reassigning ADP procurement responsibilities to the Chief of Naval Material to make greater use of program management for major ADP projects, as is being done with weapons systems procurements.

c. Reorienting management concentration from computer hardware to positive planning for effective use of computer and communications technology.

d. Preparing long-range ADP plans that include identification of major systems, functions, and boundaries; coordination between systems; control of systems performance; assignment of development and operational responsibilities; and establishment of procurement strategies.

e. Reemphasized the technical role of Naval Data Automation Command activities, and implemented the Industrial Funding concept to support their operations.

In addition to implementing recommendations of the National Academy of Science, other major accomplishments in the ADP area include:

a. Working closely with the General Services Administration and serving as a pilot agency for an annual delegation of procurement authority. This delegation gives Navy authority to competitively procure hardware up to the amount of $10 million and software up to the amount of $4 million. While authority has also been delegated to procure from a single source up to the amount of $1 million, I have instituted a policy that any procurement from a single source in excess of $50,000 must have my personal approval. I expect to approve virtually no single source procurements.

b. In office automation, along with restructuring organizations and programs, we have been concerned with the inability of the hardware of the numerous vendors to be connected and communicate. We are pioneering a standard format which will be adopted by the Navy, and not only is being embraced by the National Bureau of Standards as suitable for the entire U.S. Government, but will be advanced as one for international use.

Mr. Chairman, these are a few of the more significant improvements we have made in addition to carrying out the routine day-to-day financial management operations of the Department. Much remains to be done and I am sincerely looking forward to overseeing additional progress, not only in material areas but more importantly in the area of financial management personnel. I have not spoken to this area since we don't yet have significant achievements to show. I do, however, have this high in my priorities and am working hard on it.

Chairman TOWER. Thank you very much, gentlemen.

Senator Nunn?

Senator NUNN. I don't have any questions, Mr. Chairman.

Chairman TOWER. Senator Levin?

Senator LEVIN. Mr. Chairman, I understand that there are modified procedures that you have put into effect relative to the nominees.

If my understanding is correct, I know everyone on the committee appreciates your doing that. I think it is very helpful in this process to allow the minority staff to look at the background as well as the usual matters that the minority has been limited to up to now.

I think it is a big plus for the committee and will expedite the confirmation process a great deal.

Thank you, and I have no questions.

Senator NUNN. Senator Levin, our Chief Counsel has been involved in all of this at this point. It is a very helpful idea. I join in commending the chairman.

Chairman TOWER. Not at all. If it makes life easier for me, I am delighted, too.

Gentlemen, I would ask this question of both of you.

Will you agree to appear before this or any other appropriate committee of the Congress to respond to any questions relating to your areas of responsibility and authority?

Mr. HILLIER. I will do that.

Mr. CONN. Yes, sir, Mr. Chairman.

Chairman TOWER. Any further questions?

Senator NUNN. I usually have about 20 or 30 questions for each, but this afternoon we are on a short timeframe. Next time you appear it may be more rigorous.

Senator LEVIN. I will exercise my usual self-restraint in asking questions, Mr. Chairman.

Chairman TOWER. I think that is marvelous.

Senator NUNN. Have you brought your wives with you?

Chairman TOWER. Would you gentlemen like to introduce your wives?

Mr. CONN. If I might introduce my wife, Virginia.

Mr. HILLIER. This is my wife, Janet, and my daughter, Deborah.

Chairman TOWER. We are delighted to have you ladies here today.

If there are no further questions, the Chair is prepared to entertain a motion that the two nominees be considered en bloc and be favorably reported.

Senator NUNN. I so move, Mr. Chairman.

Chairman TOWER. Without objection.

Thank you very much.

The meeting is adjourned.

[Whereupon, at 4:27 p.m., the committee adjourned, subject to the call of the Chair.]

[The nominations of Mr. Pringle P. Hillier and Mr. Robert H. Conn were reported to the Senate by Senator Tower on February 28, 1984, with the recommendation that the nominations be confirmed. The nominations were confirmed by the Senate on February 29, 1984.]

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